NORTHLANDS COLLEGE

FINANCIAL STATEMENTS

June 30, 2011

Deloitte.

Deloitte & Touche LLP
5 - 77 15th Street East
Prince Albert, SK S6V 1E9
Canada

Tel: (306) 763-7411
Fax: (306) 763-0191
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF NORTHLANDS COLLEGE

We have audited the accompanying financial statements of Northlands College ("the College"), which comprise the statement of financial position as at June 30, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
September 15, 2011
Prince Albert, Saskatchewan

Northlands College
Statement of Financial Position
as at June 30, 2011

	2011			2010
	Operating Fund	Capital Fund	Total	Total
Assets				
Current Assets				
Cash	$ 5,814,701	$ 28,000	$ 5,842,701	$ 4,553,893
Accounts receivable (note 4)	1,137,304	-	1,137,304	1,431,772
Prepaid expenses	62,428	-	62,428	65,474
Inventory for consumption	65,911	-	65,911	65,911
	7,080,344	28,000	7,108,344	6,117,050
Non-current Assets				
Capital assets (note 5)	-	3,537,222	3,537,222	3,978,603
	$ 7,080,344	$ 3,565,222	$ 10,645,566	$ 10,095,653
Liabilities				
Current Liabilities				
Accrued salaries and benefits	$ 914,915	$ -	$ 914,915	$ 782,857
Accounts payable and accrued liabilities (note 6)	1,417,463	-	1,417,463	791,975
Unearned revenue (note 7)	2,525,011	28,000	2,553,011	2,310,354
Current portion of long-term debt (note 8)	-	47,569	47,569	44,916
	4,857,389	75,569	4,932,958	3,930,102
Non-current Liabilities				
Long-term debt (note 8)	-	348,432	348,432	396,067
	4,857,389	424,001	5,281,390	4,326,169
Net Assets				
Invested in capital assets	-	3,141,221	3,141,221	3,537,620
Restricted (note 9)	1,845,176	-	1,845,176	1,854,085
Unrestricted	377,779	-	377,779	377,779
	2,222,955	3,141,221	5,364,176	5,769,484
	$ 7,080,344	$ 3,565,222	$ 10,645,566	$ 10,095,653

On behalf of the Board:

Director

Director/CFO

See accompanying notes to financial statements

Northlands College
Statement of Operations
for the year ended June 30, 2011

	2011 Budget (Note 10)	Operating Fund 2011	Operating Fund 2010	Capital fund 2011	Capital fund 2010	**Total 2011**	Total 2010
Revenues (Schedule 1)							
Provincial Government	$ 13,230,697	$ 12,708,252	$ 11,962,240	$ 109,873	$ 106,544	**$ 12,818,125**	$ 12,068,784
Federal Government	-	1,106	22,803	-	-	**1,106**	22,803
Other revenue	3,153,241	4,598,987	4,845,389	13	-	**4,599,000**	4,845,389
	16,383,938	17,308,345	16,830,432	109,886	106,544	**17,418,231**	16,936,976
Expenses (Schedule 2)							
Agency contracts	2,268,800	3,212,341	2,965,728	1,666	3,481	**3,214,007**	2,969,209
Amortization	621,214	-	-	667,197	645,817	**667,197**	645,817
Equipment	477,199	592,618	481,959	77	1,067	**592,695**	483,026
Facilities	1,529,010	1,477,860	1,564,920	130,549	32,316	**1,608,409**	1,597,236
Information technology	78,310	125,808	98,385	-	15,893	**125,808**	114,278
Operating (Schedule 3)	2,800,129	2,410,411	2,474,481	32	229	**2,410,443**	2,474,710
Personal services	9,568,780	9,204,980	8,777,054	-	-	**9,204,980**	8,777,054
	17,343,442	17,024,018	16,362,527	799,521	698,803	**17,823,539**	17,061,330
(Deficiency) Excess of Revenues over Expenses	$ (959,504)	$ 284,327	$ 467,905	$ (689,635)	$ (592,259)	**$ (405,308)**	$ (124,354)

See accompanying notes to financial statements

Statement 3

Northlands College
Statement of Changes in Net Assets
for the year ended June 30, 2011

	2011				2010
	Invested in capital assets	Restricted	Unrestricted	**Total**	Total
(Deficiency) excess of revenues over expenses	$ (689,635)	$ -	$ 284,327	**$ (405,308)**	$ (124,354)
Net assets, beginning of year	3,537,620	1,854,084	377,780	**5,769,484**	5,893,838
Interfund transfers:					
Invested in capital assets	403,122	(395,325)	(7,797)	-	-
Externally imposed restrictions	(109,886)	109,886	-	-	-
Internally imposed restrictions	-	276,531	(276,531)	-	-
Net assets, end of year	$ 3,141,221	$ 1,845,176	$ 377,779	**$ 5,364,176**	$ 5,769,484

Restricted details: (Note 9)

	Beginning Balance	To Restricted	From Restricted	Ending Balance
Externally Restricted				
Capital Purchases (Ministry of Advanced Education, Employment and Immigration)	-	109,886	109,886	-

	Beginning Balance	To Restricted	From Restricted	Ending Balance
Internally Restricted				
Capital Equipment Purchase Reserve	78,679	20,000	48,221	50,458
Building Capital Reserve	375,000	100,000	-	475,000
Building/Equipment Maintenance Reserve	826,449	-	148,502	677,947
Information Technology Reserve	197,179	125,000	94,035	228,144
Training and Education Reserve	376,777	197,612	160,762	413,627
	$ 1,854,084	$ 442,612	$ 451,520	$ 1,845,176
Total restricted net assets, end of year	$ 1,854,084	$ 552,498	$ 561,406	$ 1,845,176

See accompanying notes to financial statements

Statement 4

Northlands College
Statement of Cash Flows
for the year ended June 30, 2011

	2011	2010
Cash flows from (used in) operating activities		
Deficiency of revenues over expenses	**$ (405,308)**	$ (124,354)
Amortization of capital assets	**667,197**	645,817
	261,889	521,463
Changes in non-cash working capital		
Decrease in accounts receivable	**294,468**	465
Decrease in prepaid expenses	**3,046**	1,135
Increase in accrued salaries and benefits	**132,058**	52,323
Increase (decrease) in accounts payable and accrued liabilities	**625,488**	(154,552)
Increase (decrease) in unearned revenue	**242,657**	(35,506)
Cash from operating activities	**1,559,606**	385,328
Cash flows (used in) investing activities		
Purchase of capital assets	**(225,816)**	(129,142)
Cash used in investing activities	**(225,816)**	(129,142)
Cash flows (used in) financing activities		
Repayment of long-term debt	**(44,982)**	(42,657)
Cash used in financing activities	**(44,982)**	(42,657)
Net increase in cash	**1,288,808**	213,529
Cash, beginning of year	**4,553,893**	4,340,364
Cash, end of year	**$ 5,842,701**	$ 4,553,893
Supplemental information		
Interest paid on long-term debt	**$ 23,634**	$ 25,959

See accompanying notes to financial statements

Schedule 1

Northlands College
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 2011

	2011								2011	2011 Budget (Note 10)	2010
	General	Skills Training		Adult Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Total	Total
Provincial Government											
Advanced Education, Employment and Immigration											
Operating grant	$ 5,917,192	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,917,192	$ 5,839,292	$ 5,713,755
Program payments	349,084	2,613,776	27,989	1,650,755	908,571	238,553	391,384	-	6,180,112	5,782,934	5,622,860
Other	487,532	-	-	-	-	-	-	-	487,532	987,398	459,539
	6,753,808	2,613,776	27,989	1,650,755	908,571	238,553	391,384	-	12,584,836	12,609,624	11,796,154
Other Provincial	-	-	-	-	123,416	-	-	-	123,416	621,073	166,086
	6,753,808	2,613,776	27,989	1,650,755	1,031,987	238,553	391,384	-	12,708,252	13,230,697	11,962,240
Federal Government											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Program payments	-	-	-	-	1,106	-	-	-	1,106	-	22,803
Other	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	1,106	-	-	-	1,106	-	22,803
Other Revenue											
Admin recovery	371,558	-	-	-	-	-	-	-	371,558	339,564	362,711
Contracts	23,728	1,752,128	367,453	165,006	251,084	-	50,155	-	2,609,554	1,643,260	2,564,288
Interest	63,683	-	-	-	-	-	-	-	63,683	20,000	17,537
Rents	23,977	10,126	-	5,330	861	-	90,050	-	130,344	40,000	157,411
Resale items	-	131,301	-	714	1,746	37,389	-	-	171,150	135,853	168,774
Tuitions	1,920	433,948	592	-	-	195,317	-	-	631,777	500,485	770,838
Other	600,366	9,407	-	280	450	11,169	(751)	-	620,921	474,079	803,830
	1,085,232	2,336,910	368,045	171,330	254,141	243,875	139,454	-	4,598,987	3,153,241	4,845,389
Total revenue	7,839,040	4,950,686	396,034	1,822,085	1,287,234	482,428	530,838	-	17,308,345	16,383,938	16,830,432
Total operating expenses (Schedule 2)	5,369,365	4,928,037	505,838	1,821,040	1,317,583	690,882	1,493,189	898,084	17,024,018	16,722,228	16,362,527
Excess (deficiency) of revenues over expenses	$ 2,469,675	$ 22,649	$ (109,804)	$ 1,045	$ (30,349)	$ (208,454)	$ (962,351)	$ (898,084)	$ 284,327	$ (338,290)	$ 467,905

See accompanying notes to financial statements

Schedule 2

Northlands College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2011

	2011								2011	2011 Budget (Note 10)	2010
	General	Skills Training		Adult Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Total	Total
Agency contracts	$ 212,725	$ 1,835,282	$ 260,980	$ 264,938	$ 223,131	$ 226,047	$ 189,238	$ -	$ 3,212,341	$ 2,268,800	$ 2,965,728
Equipment	185,725	193,708	58,606	58,600	37,021	7,620	20,730	30,608	592,618	477,199	481,959
Facilities	707,112	291,656	13,113	113,572	46,063	560	305,774	10	1,477,860	1,529,010	1,564,920
Information technology	119,160	4,815	-	450	-	-	1,383	-	125,808	78,310	98,385
Operating (Schedule 3)	889,882	820,158	93,517	216,916	148,351	69,523	110,987	61,077	2,410,411	2,800,129	2,474,481
Personal services	3,254,761	1,782,418	79,622	1,166,564	863,017	387,132	865,077	806,389	9,204,980	9,568,780	8,777,054
	$ 5,369,365	$ 4,928,037	$ 505,838	$ 1,821,040	$ 1,317,583	$ 690,882	$ 1,493,189	$ 898,084	$ 17,024,018	$ 16,722,228	$ 16,362,527
			$ 5,433,875		$ 3,138,623			$ 2,391,273			

See accompanying notes to financial statements

Schedule 3

Northlands College
Schedule of Operating Expenses
for the year ended June 30, 2011

	2011	2011 Budget (Note 10)	2010
	Total	Total	Total
Advertising	**$ 210,151**	$ 173,608	$ 189,127
Association fees and dues	**40,470**	28,001	29,782
Bad debts (recovery)	**(11,927)**	28,001	10,673
Financial services	**25,408**	28,001	26,592
In-Service	**37,136**	110,325	81,938
Insurance	**97,743**	79,804	98,481
Materials and supplies	**665,662**	812,038	722,144
Printing and copying	**78,942**	84,004	88,253
Professional services	**24,730**	28,001	53,702
Resale items	**142,092**	189,849	150,783
Subscriptions	**13,610**	7,000	5,106
Telephone and fax	**109,111**	125,726	114,681
Travel	**813,511**	903,042	682,333
Other	**163,772**	202,729	220,886
	$ 2,410,411	$ 2,800,129	$ 2,474,481

See accompanying notes to financial statements

Northlands College
Notes to the Financial Statements
For the year ended June 30, 2011

1. PURPOSE AND AUTHORITY

Northlands College (the "College") offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. The College Board plays an integral part in strategic direction and management guidance.

The purpose of the College is to provide credit and non-credit classroom and vocational training to meet the needs of regional constituents and industry. Northlands College is exempt from the payment of income tax.

2. FUTURE ACCOUNTING POLICIES

Not-for-profit organizations

In September 2010, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook. Effective for fiscal years beginning on or after January 1, 2012, government not for profit organizations are directed to use either the public sector accounting standards or public sector accounting standards for government not for profit organizations. The College is currently assessing the appropriateness and potential impact of the change in accounting standards on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board, the College is classified as a government not-for-profit organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities and include the following significant policies:

a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified in funds in accordance with specified activities or objectives:

(i) Operating Fund
The operating fund accounts for the College's program delivery, services and administrative activities.

(ii) Capital Fund
The capital fund reflects the net book value of all capital assets of the College less long-term debt incurred to finance the purchase of capital assets. The capital fund also includes contributions, interest and donations designated for capital purposes by the contributor.

b) Revenue Recognition

The College follows the restricted fund method of accounting for contributions. Restricted contributions related to the general operations are recognized as revenue of the operating fund in the year that the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating contributions are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the service is provided. Revenue from contractual services is recognized as the service is provided.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets costing under the asset threshold are expensed in the current year.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows and amortization is reported as an expense in the capital fund:

Buildings	20 years
Furniture and equipment	3 to 10 years
Leasehold improvements	Term of lease or useful life
Vehicles	5 years
Other assets	10 years

d) Cash

Cash is represented by cash on hand and balances with banks.

e) Inventory

Inventory is valued at the lower of cost and net realizable value.

f) Use of Estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

g) Financial instruments

The College has elected to apply Section 3861, Financial Instruments – Disclosure and Presentation in place of Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

(i) Classification

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accrued salaries and benefits	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

(ii) Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the statement of financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income on the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Loans and receivables
Loans and receivables are accounted for at amortized cost using the effective interest method.

(iv) Other liabilities
Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

(v) Transaction Costs
Transaction costs for all financial instruments are expensed as incurred.

(vi) Effective interest method
The College uses the effective interest method to recognize interest income or expense which includes premiums or discounts earned or incurred for financial instruments.

4. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	2011 **$**	2010 $
Saskatchewan Advanced Education, Employment and Immigration	**29,276**	587,510
Federal Government	**39,957**	40,948
Other	**1,068,071**	803,314
	$1,137,304	$ 1,431,772

5. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	**2011 Net Book Value $**	2010 Net Book Value $
Land	42,859	-	**42,859**	42,859
Buildings	6,042,265	4,100,309	**1,941,956**	2,251,340
Furniture and equipment	1,206,825	1,043,003	**163,822**	104,136
Leasehold improvements	291,613	235,620	**55,993**	67,055
Other assets	2,140,778	848,356	**1,292,422**	1,508,213
Vehicles	50,213	10,043	**40,170**	5,000
	$ 9,774,553	$ 6,237,331	**$ 3,537,222**	$ 3,978,603

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are composed of the following:

	2011 $	2010 $
Provincial Government	**291,233**	20,187
Federal Government	**2,730**	-
Other	**1,123,500**	771,788
	$ 1,417,463	$ 791,975

7. UNEARNED REVENUE

Unearned revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2011 $	2010 $
Saskatchewan Advanced Education, Employment and Immigration	**2,276,164**	1,799,984
Federal Government Grant	**-**	1,106
Other	**276,847**	509,264
	$ 2,553,011	$ 2,310,354

8. LONG-TERM DEBT

	2011 $	2010 $
Royal Bank of Canada, interest rate fixed at 5.589% per annum, monthly repayment terms of $5,718 for 10 years, maturing February 25, 2014.	**396,001**	440,983
Less: Current portion	**(47,569)**	(44,916)
	$ 348,432	$ 396,067

The principal repayment schedule until the end of maturity on long-term debt is as follows:

2012 – 47,569
2013 – 50,411
2014 – 298,021

9. RESTRICTIONS ON NET ASSETS

The Board of Directors of Northlands College placed internal restrictions on $1,845,176 (2010 – $1,854,084) of unrestricted net assets to be used for various purposes as indicated on Statement 3.

External restrictions have not been placed on assets used by Northlands College.

10. BUDGET AMOUNTS

The budget amounts on these financial statements were prepared by College Management and approved by the Board on May 19, 2010. The Minister approved the budget on July 28, 2010. The budget amounts have not been subjected to audit.

11. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

	2011 $	2010 $
Ministry of Government Services	**463,357**	477,565
SaskTel	**98,356**	95,696
SaskPower and SaskEnergy	**175,262**	108,227
Saskatchewan Housing Corporation	**-**	498
Saskatchewan Institute of Applied Science and Technology	**1,123,745**	667,954
Saskatchewan Municipal Superannuation	**911,104**	607,704
Saskatchewan Regional Colleges	**28,535**	1,446
Saskatchewan Teachers' Federation	**131,337**	129,784
Saskatchewan Teachers' Superannuation	**5,395**	5,640
Saskatchewan Workers' Compensation Board	**19,624**	28,762
University of Regina	**94,204**	77,366
University of Saskatchewan	**162,719**	139,012
Total Amounts Payable/Paid to Related Parties	**$ 3,213,638**	$ 2,339,654

	2011 $	2010 $
Keewatin Yatthe Regional Health Authority	**1,000**	12,938
Mamawetan Churchill River Health Authority	**175,000**	250,242
Saskatchewan Advanced Education, Employment and Immigration	**12,798,161**	12,150,969
Saskatchewan Apprenticeship and Trade Certification Commission	**64,000**	133,500
Saskatchewan Institute of Applied Science and Technology	**19,846**	37,094
Saskatchewan Regional Colleges	**4,637**	12,322
University of Regina	**1,841**	6,601
University of Saskatchewan	**288**	288
Total Amounts Receivable/Received from Related Parties	**$ 13,064,773**	$ 12,603,954

The College receives long distance telephone service between major centers from SaskTel, a related party, at reduced rates available to government agencies.

11. RELATED PARTY TRANSACTIONS (continued)

The College brokers course programs (based on negotiated rates) from Saskatchewan Institute of Applied Science and Technology (SIAST).

Other transactions with related parties are disclosed elsewhere in these financial statements and related notes.

12. FINANCIAL INSTRUMENTS

The College's significant financial instruments consist of cash, accounts receivable, accrued salaries and benefits, accounts payable and accrued liabilities, and long-term debt.

a. The carrying amount of cash, accounts receivable, accrued salaries and benefits, accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows. Based on borrowing rates currently available to the College for loans with similar terms and conditions, the carrying value of its long-term debt approximates fair value.

b. The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivable is from the federal government and from a large number of smaller customers; therefore, credit risk is minimal.

13. EMPLOYEE FUTURE BENEFITS

Employees of the College participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, either the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP or STRP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through the Municipal Employees Pension Plan (MEPP), which is a multi-employer defined benefit plan. The College's financial obligation to MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $368,547 (2010 - $284,610).

14. CONTINGENT LIABILITIES

A union representing employees of an employer unrelated to the College has applied by Notice of Motion for an order quashing purported decisions of the Municipal Employees Pension Plan relating to the application of actuarial surplus in the fund, as well as other relief. Several participating employers, including the College, have been named. It is not possible to estimate the potential effect of the claim at this stage of the proceedings.

15. LEASE AGREEMENTS

The College is currently leasing certain land and buildings under leases that expire at various dates to May 1, 2024. Annual rentals under the leases for each of the next five years are as follows:

2012	-	496,183
2013	-	501,855
2014	-	507,359
2015	-	226,627
2016	-	226,627

16. FOUNDATION

Northlands College established a wholly-owned charitable foundation called "Northlands College Scholarship Foundation Incorporated" for the purpose of advancing education by recognizing student scholastic achievement through the provision of scholarships. The Foundation recorded a surplus of $22,287 in 2011 and had net assets of $90,863 as at June 30, 2011. The Board of the Foundation is appointed by Northlands College.

17. CAPITAL MANAGEMENT

The College's objectives when managing capital are to maintain sufficient fund balances to achieve the purposes of the funds and to ensure compliance with external restrictions placed on those funds.

In the management of capital, the College includes net assets and long-term debt in the definition of capital. As at June 30, 2011 the College has $5,760,177 ($6,210,467 in 2010) in capital.

Capital management objectives, policies and procedures are unchanged since the preceding year.